

CANADA INDORSES U. S. RECIPROACITY

Elects Favorable Parliament. Meighen and High-Tariff Conservatives Badly Beaten

W. L. M. KING NEW PREMIER

Ottawa, Dec. 7.—The Canadian people yesterday elected their fourteenth Parliament since the passage of the Act of Confederation and the first Parliament in ten years with a majority favoring reciprocity with the United States.

The Liberal party obtained 121 seats, more than the combined vote of all the other parties, according to revised returns compiled today by the Canadian Press.

The voters inflicted upon the Meighen Administration and the high-tariff Conservative Party just as drastic punishment as the American people did upon the Democratic Party a year ago. Not only has Premier Meighen been defeated in his home constituency, but at least seven other of his ministers have fallen in the fray. Mr. Meighen admitted defeat just before midnight, saying: "I accept the verdict of the people."

The new Premier will be William Lyon Mackenzie King, leader of the Liberal Party. The new Progressive Party, led by T. A. Craig, also is reporting reciprocity and low tariff will rank second.

Tabulation of Vote

Table with 4 columns: Province, Lib., Prog., and Total. Rows include Prince Edward Island, New Brunswick, Quebec, Ontario, Saskatchewan, Alberta, British Columbia, Yukon (ministers), and Totals.

No returns have been received from Yukon Territory, where one member of Parliament was to be chosen, and none is expected for several weeks because of the lack of transportation in snow-bound districts. The contestants conducted a dog-sled campaign.

Mr. Meighen was beaten even in his home district, Dorset in Prairie, Manitoba.

In the snafu-four years east of Ottawa, only a meager band of Government supporters seem to have been elected and some reports claim a complete sweep for the Liberals, who favor tariff for revenue only. In the industrial province of Ontario, where the chief Government strength was supposed to lie, they have had great difficulty in holding their own and have lost a number of seats to the Liberals and the Progressives.

The Liberals desired their chief benefit from the feeling of hostility to the Government. The two seats in Halifax and Kings County which Sir Robert Borden, now Canada's delegation to the Washington Conference, represented till dissolution, have all gone into the Liberal column. It was always expected that the Liberals would develop great strength in those areas, but they have done better in Ontario than was anticipated.

The prospects are that the Meighen Government will resign within a week, and that Mr. King will be called upon to form an administration.

The election has presented some novel features. In the 1917 election, fought on the conscription issue, the female relatives of service men were given the vote, but no others, and now for the

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Victor in Canada



W. L. MACKENZIE KING, Leader of the Canadian Liberal Party, which swept the Conservatives out of power by huge majorities yesterday. King will succeed Arthur Meighen as Premier.

first time the whole adult female population of Canada has been able to vote.

Woman Elected to Commons. They were an uncertain element and a puzzle to the party managers, but they were exasperated with the failure of the Government to check profiteering, and evidently the mass of their votes has been recorded against it.

Miss Macphail, Progressive, was elected to Parliament in Ontario. She will be the first woman member of Commons.

The landslide against the Meighen Government, with its high tariff platform, was as spectacular as the defeat of Sir Wilfrid Laurier's Liberal Administration in 1911 on its policy of reciprocity with the United States. In yesterday's election, high tariff, as championed by Premier Meighen, lost to the reciprocity program of Mr. King. Mr. Meighen, who was Minister of the Interior, was credited with the authorship of the draft legislation, and came to be regarded in Quebec as the real author of Laurier's political ruin. Laurier was the idol of his compatriots. His influence among them from the grave still is almost as potent as when he was alive.

William Lyon Mackenzie King, who will be the next Premier of the Dominion, is a grandson of William Lyon Mackenzie, a leader in the struggle for responsible government in Canada. He is forty-seven years old. He holds post-graduate degrees from the University of Chicago and Harvard.

From 1914 to 1917 he was engaged in the investigation of industrial relations under the auspices of the Rockefeller Foundation, and while on this work acquired an intimate knowledge of conditions in the United States. He was Minister of Labor for Canada for eight years in the Laurier Government, previous to which he served a few years on the staff of the Toronto Globe. He is unmarried and lives at Ottawa.

Apartments at the Rittenhouse

Rittenhouse Hotel, 22d and Chestnut

FURTHER REVISION OF TAX LAW URGED

Secretary Mellon Also Advises 20 to 25 Per Cent Reduction in Income Surtax

BONUS POLICY UNCHANGED

By the Associated Press

Washington, Dec. 7.—Further revision of the tax laws, with a reduction of the maximum income surtax rate to 20 or 25 per cent and adjustment of the rates on business profits and estates, is suggested by Secretary Mellon in his first annual report, transmitted today to Congress.

The Secretary also announces that the Treasury's policy with respect to deferral of the soldiers' bonus is unchanged and urges prompt funding of the \$10,000,000,000 of foreign loans as "one of the outstanding needs of the present economic situation."

Mr. Mellon also informs Congress that the maturity within the next eight or ten months of \$6,700,000,000 of the short-dated debt, "makes it imperative that the Government pursue a policy of the utmost economy and avoid new undertakings that would throw additional burdens on the Treasury and embarrass the funding operations" with respect to the floating debt.

Revenue Revision Stressed

Revenue revision is the subject upon which the Secretary lays the most stress. He says the changes in the tax law voted by Congress last month "have substantial relief to business and industry and restore in some measure the freedom of business transactions."

But our system of taxation still requires careful and thoughtful consideration. It is then proposed to say that if the loss of revenue resulting from the reductions in surtax and other rates suggested cannot be made up "the rigid economy in expenditures" it can be met by placing a tax on certain specific articles, or by a low-rate general tax on a broad class of articles or transactions.

It is of vital importance, Mr. Mellon declares, "that adjustment be made in our scheme of taxation whereby the burden will not fall unduly, whether directly or indirectly, upon any particular class and at the same time will not seriously interfere with productive industry and the general prosperity of the country."

It would not seem either wise or necessary to change from our present system of taxation to new and untried plans. By retaining the income tax with reasonable surtax rates, which in peace times ultimately should not rise above 10 per cent, taxpayers would still be required to contribute in proportion to their ability to pay, while placing a certain amount of tax on specific articles, or classes of articles, or transactions, at so low a rate that they could readily be borne without injury, the income tax could be materially simplified, the tax laws could be more readily administered, and at the same time the needed revenues would be raised without the evil effects now resulting from the present excessive rates of taxation.

ing the reductions through all the brackets," he says, "would mean an apparent loss of about \$180,000,000 in revenue. A 20 per cent maximum rate on the same basis would involve a revenue loss of about \$200,000,000. Other adjustments which should be made would probably involve an amount equal to that made in the surtax rates. This loss of revenue, however, would not be permanent, for the reduced rates would ultimately be productive of more revenue than higher rates due to the increase in taxable transactions."

Reiterating arguments that the effect of high surtax rates is to keep new capital out of productive enterprise and to prevent normal business transactions with the result that natural industrial development is retarded, Mr. Mellon adds: "The idea seems to be prevalent that in taxing large incomes only the person receiving the income, and who is to pay the tax, is really concerned. This is a mistake, for whatever the Government takes in the way of tax, out of any income, which would otherwise be saved and invested, and thereby become a part of the capital and of the wealth of the Nation, affects not so much the individual from whom it is taken as it does the whole people of the country, in the direct loss of productive capital."

After all the wealth of the country, upon which all the activities and the prosperity of our people depends, is made up of the private property of the individual citizens—of all the people—and anything that unreasonably takes away from the accumulated property necessarily injuriously affects the people as a whole."

Business Profits Tax

Discussing the proposed adjustment of the tax on business profits, Mr. Mellon suggests no specific rates, but says that the repeal of the excess profits tax made necessary an

increase of 2 1/2 per cent in the corporation income tax and that this, with the capital stock tax, makes the total levy on corporations approximately 15 per cent.

"When we remember," he writes, "that the great bulk of the business of the country, both large and small, is carried on under corporate form and that the net income must largely be distributed in dividends, and that these dividends are then in turn subject to surtax in the hands of persons receiving them, it is at once seen that the resulting taxation to persons engaged in productive business is very heavy. For instance, a stockholder subject to surtax at 10 per cent really pays about 25 per cent on his dividends, while a stockholder subject to a 50 per cent surtax would be taxed about 65 per cent on such profits."

Estate Tax Rates Too High

Declaring that there were two "chief objections," to the present high "estate tax rates, running up to 25 per cent on the total value of estates, Mr. Mellon says much of what he has said respecting the high surtaxes applies equally to the estate taxes. Another objection he sets forth is that in many instances a forced liquidation of estates to obtain the necessary money to pay the taxes results in loss to the estates as well as "to every one else who is interested in these properties, especially if at the same time they desire to or must sell."

Referring to the oft-repeated statement that the tax laws need simplifying, Mr. Mellon declares that the

"greatest simplification that can be made is in the reduction of the rates. So long as the rates were low, he asserts, "there was not much difficulty in the law; even though the system was entirely new and the organization administering it unfamiliar with the operation of such a law."

"The complexity of the law, as far as it concerns the income tax itself," Mr. Mellon concludes, "has arisen largely out of the high rates, which make every point that arises involve substantial amounts of money, and which means that each possible question is contented by the taxpayer and by the government, with resulting delay in the collection of the revenue, irritation and annoyance and expense on the part of the taxpayer, and costly litigation. With moderate rates, very much of this difficulty would disappear."

W. O. PASS A SUICIDE

Brother of Dauphin Prothonotary Shoots Himself

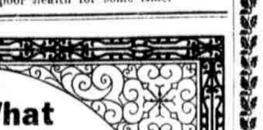
Lebanon, Pa., Dec. 7.—William O. Pass, fifty-five years old, for many years mine foreman of the Cornwall Ore Bank in the employ of the Robinson Iron Company, took his own life in the lavatory of the Elks' Home here today. He shot himself in the right temple and died instantly.

Pass was a member of the Masonic Fraternity and the Elks. He is a brother of Charles E. Pass, Prothonotary of Dauphin County. He had been in poor health for some time.

Application of Coatesville Merchant Who Avoided War Service Rejected. West Chester, Pa., Dec. 7.—William Cohen, Russian, a Coatesville merchant for eight years, was refused final naturalization papers by the Court here today on the ground that he had declined military service at the time of the selective draft. Cohen today denied that he had made exceptions to service and said he was debarred for physical defects. The Court called Attorney Applbaum of Coatesville, on the telephone, and the latter declared he had filed the draft paper for Cohen, who had dictated the answers and thereby received exemption.

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